



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF STATE LANDS AND FORESTRY

S/015/064

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July 11, 1994

CERTIFIED MAIL NO. P 051 448 294

Dan Powell
Emery Industrial Resources
967 South 680 West
Payson, UT 84651

RE: ML 45650 Clay; S/015/064 Emery County

Dear Mr. Powell:

On May 26, 1994, the trust lands administration requested that within 30 days the Lessee furnish a surety bonding in the amount of \$25,000, or \$5,000 per acre of surface disturbance, to comply with administration rules for proposed or actual mining operations under state mineral lease ML 45650. Lessee has failed to comply with the administration's request and is in breach of lease Article XII and rules pertaining to bonding requirements.

Lessee is hereby notified that the above numbered leases will terminate of their own terms and conditions in 30 days from date of this letter. All rental payments shall be forfeited to the state.

The trust lands administration requires that upon the termination of the leases the Lessee will 1) immediately cease all mining of the leased lands, 2) reclaim all surface disturbances to the satisfaction of the administration; and, 3) submit all remaining royalty payment for leased substances which have been removed from the property.

Lessee may remedy the above cited violation of the lease agreement and prevent the termination of this lease by furnishing the requested bond prior to 30 days from the date of this letter.

In the event you have not yet commenced mining operations or disturbed the surface of the lands and you do not intend to proceed with the operations of which you notified the state and do not wish to post bond at this time, you may prevent the termination of this lease by submitting a written withdrawal of your notice of intent to commence mining prior to 30 days from date of this letter.

Please contact me if you have any questions in this matter.

Sincerely,

JOHN T. BLAKE
MINERAL RESOURCES SPECIALIST

JTB/tdw

cc: Kevin Carter
Wayne Hedberg

